MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

ANNUAL REPORT

For the Year Ending
December 31, 1983

84- 3051 /

Municipal Financing Corporation of Saskatchewan

Letter of Transmittal

Regina, Saskatchewan
March 16, 1984

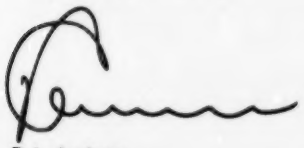
To His Honour,
The Honourable Fred W. Johnson,
Lieutenant-Governor of the Province of Saskatchewan.

Sir:

I have the honour to submit herewith the annual report of the Municipal Financing Corporation of Saskatchewan for the year ending December 31, 1983, including the financial statements therefor, duly certified by the Provincial Auditor and in the form approved by the Treasury Board, all in accordance with The Municipal Financing Corporation Act.

I have the honour to be, Sir,

Your obedient servant,



R. L. Andrew
Minister of Finance
and Minister Responsible,
Municipal Financing
Corporation of Saskatchewan.

Municipal Financing Corporation of Saskatchewan

DIRECTORS

Honourable R. L. Andrew

Honourable T. Embury

Honourable R. H. Pickering

Honourable G. G. Currie

Mr. S. R. Barg

OFFICERS

Mr. M. I. Meiklejohn
General Manager

Mr. W. D. Baldwin
Secretary

Municipal Financing Corporation of Saskatchewan

Annual Report 1983

The Municipal Financing Corporation of Saskatchewan was established to assist in making capital funds available for the financing of essential local improvements, school, hospital and other construction projects in cities, towns, villages and rural areas throughout the Province. The Corporation may borrow directly or through the Department of Finance and uses the funds to purchase a portion of the authorized debentures sold each year by Saskatchewan local authorities.

During the year under review, the Corporation participated in the financing of 77 projects throughout Saskatchewan by purchasing $20.4 million of municipal debentures. At year end, the Corporation had outstanding commitments to purchase a further $1.65 million upon delivery of the debentures.

The Corporation recorded net earnings of $1.096 million for 1983. This represents an improvement over 1981 and 1982 when the Corporation incurred losses of $2.039 million and $1.861 million respectively.

The Corporation's debenture holdings exceeded $100 million for the first time in its history.

The Municipal Financing Corporation of Saskatchewan is administered by a Board of Directors through use of staff and facilities provided by the Crown Investments Corporation of Saskatchewan. The Corporation paid $20 thousand in 1983 for reimbursement of the costs of providing administrative services and for audit fees. The Directors do not receive fees and, with the exception of interest paid on borrowed funds, the Corporation had no other expenses in 1983. A table showing results of operations for the year under review, as compared to the previous year, is set out on page 6.

Municipal Financing Corporation of Saskatchewan

Comparative Table of Operations

For the Year Ended December 31

	1983	1982
	(thousands of dollars)	
Amount of debentures approved by the Corporation (net of subsequent reductions)	$ 17,533	$ 23,059
Prior year's purchase commitments carried forward	4,557	4,990
Total purchase commitments for the year	22,090	28,049
Purchases completed	(20,433)	(23,492)
Purchase commitments outstanding at the year end	$ 1,657	$ 4,557

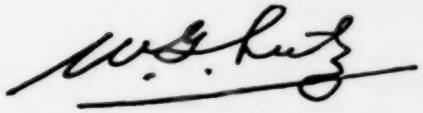
Municipal Financing Corporation of Saskatchewan

Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the statement of financial position of the Municipal Financing Corporation of Saskatchewan as at December 31, 1983 and the statements of operations, deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the corporation as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



W. G. Lutz, F.C.A.,
Provincial Auditor.

Regina, Saskatchewan,
February 7, 1984.

Municipal Financing Corporation of Saskatchewan

Statement of Financial Position

As at December 31

ASSETS	1983	1982
	(thousands of dollars)	
Current:		
Cash (overdraft)	$ (380)	$ 1,150
Interest receivable	6,030	4,388
	5,650	5,538
Investments in municipal securities, at amortized cost (market value 1983 — $120,916; 1982 — $100,846) (Note 5)	114,738	99,299
	$ 120,388	$ 104,837
LIABILITIES AND PROVINCE'S EQUITY		
Liabilities		
Current:		
Accounts payable	$ 8	$ 3
Accrued interest	506	1,056
Debentures payable within one year	1,000	—
Notes payable — Province of Saskatchewan	60,000	35,000
	61,514	36,059
Long-term debentures payable (Note 3)	61,000	72,000
Province of Saskatchewan's Equity (Deficit)	(2,126)	(3,222)
	$ 120,388	$ 104,837

(See accompanying notes)

Municipal Financing Corporation of Saskatchewan

Statement of Operations

For the Year Ended December 31

	1983	1982
	(thousands of dollars)	
Revenue		
Investment income	$ 14,024	$ 10,969
Expenses		
Interest (Note 4)	12,908	12,810
Administration	20	20
	12,928	12,830
Net income (loss)	$ 1,096	$ (1,861)

Municipal Financing Corporation of Saskatchewan

Statement of Deficit

For the Year Ended December 31

	1983	1982
	(thousands of dollars)	
Deficit, beginning of year	$ (3,222)	$ (1,361)
Net income (loss)	1,096	(1,861)
Deficit, end of year	$ (2,126)	$ (3,222)

(See accompanying notes)

Municipal Financing Corporation of Saskatchewan

Statement of Changes in Financial Position

For the Year Ended December 31

	1983	1982
	(thousands of dollars)	
Sources of Funds		
From operations:		
Net income (loss)	$ 1,096	$ (1,861)
Items not affecting working capital	1	(20)
	1,097	(1,881)
Issue of long-term debt	—	15,000
Proceeds from maturing municipal securities	5,036	2,273
	6,133	15,392
Uses of Funds		
Repayment of long-term debt	11,000	—
Purchase of municipal securities	20,476	23,520
	31,476	23,520
Decrease in working capital	25,343	8,128
Working capital deficiency, beginning of year	30,521	22,393
Working capital deficiency, end of year	$ 55,864	$ 30,521

(See accompanying notes)

Notes to Financial Statements

December 31, 1983

1. **Accounting Policies**

The following is a summary of significant accounting policies followed in the preparation of the financial statements.

a) Investments in Municipal Securities

The interest rate yield required by the corporation may, at times, vary from the coupon interest rate offered by the local governments. In these instances the corporation purchases the debentures at a premium or discount. Each year a portion of the outstanding premiums and discounts is applied against interest income so that the effective income derived from each debenture is adjusted to equal the corporation's required yield for that debenture. This policy is only effected where the premium or discount, at the time of purchase, exceeds $250.

2. **Status of Corporation**

The Municipal Financing Corporation was established in 1969 pursuant to the provisions of The Municipal Financing Corporation Act.

The accounts of the corporation are consolidated in the annual financial statements of the Crown Investments Corporation of Saskatchewan.

3. Long-Term Debentures Payable

Series	Year of Repayment	Interest Rate	1983	1982
			(thousands of dollars)	
3	1984	9 7/8	$ 1,000	$ 1,000
3	1985	9 7/8	1,000	1,000
7	1985	8 5/8	1,000	1,000
7	1986	8 5/8	1,000	1,000
4	1986	9 3/4	1,000	1,000
6	1987	9	1,000	1,000
11	1987	11 3/4	2,000	2,000
6	1988	9 1/8	1,000	1,000
11	1988	12	2,500	2,500
3	1989	9 7/8	1,000	1,000
4	1989	9 3/4	1,000	1,000
9	1989	11 3/4	2,000	2,000
11	1989	12	2,500	2,500
10	1989	15 7/8	2,000	2,000
9	1990	11 3/4	1,000	1,000
11	1990	12 3/4	4,000	4,000
6	1990	9 1/4	2,000	2,000
10	1990	15 7/8	2,000	2,000
5	1991	9 1/2	1,000	1,000
3	1991	9 7/8	1,000	1,000
10	1991	15 7/8	5,000	5,000
*	1991	17	—	2,000
3	1992	9 7/8	1,000	1,000
7	1992	9 1/8	1,000	1,000
5	1992	9 1/2	1,000	1,000
10	1992	15 7/8	3,000	3,000
*	1992	17	—	2,000
8	1993	9 5/8	1,000	1,000

3. Long-Term Debentures Payable — *(Continued)*

Series	Year of Repayment	Interest Rate	1983	1982
			(thousands of dollars)	
4	1993	9 3/4	$ 2,000	$ 2,000
*	1993	17	—	2,000
4	1994	9 3/4	1,000	1,000
7	1994	9 1/4	1,000	1,000
8	1994	9 5/8	1,000	1,000
5	1994	9 5/8	1,000	1,000
*	1994	17	—	2,000
7	1995	9 1/4	1,000	1,000
6	1995	9 1/2	1,000	1,000
8	1995	9 5/8	1,000	1,000
*	1995	17	—	2,000
8	1996	9 5/8	1,000	1,000
5	1996	9 3/4	1,000	1,000
8	1997	9 5/8	1,000	1,000
5	1997	9 3/4	1,000	1,000
11	1997	12 3/4	1,500	1,500
9	1999	12	1,000	1,000
9	2000	12	1,000	1,000
11	2002	12 7/8	2,500	2,500
			62,000	72,000
Repayment required within one year			1,000	—
Net long-term debentures payable			$61,000	$72,000

* Heritage Fund Order in Council 1392/81

4. Interest Expense

	1983	1982
	(thousands of dollars)	
Interest on long-term debt	$ 8,892	$ 7,134
Interest on current debt	4,016	5,676
	$12,908	$12,810

5. Commitments

Prior to December 31, 1983 the Board of Directors had approved the purchase of debentures from certain local governments of which $1.7 million were not purchased before the year-end.

6. Related Party Transactions

Included in these financial statements are expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and corporations with which the corporation is related.

Accounts balances resulting from these transactions are included in the statement of financial position and are settled on normal trade terms.

Other amounts due to related parties and the terms of settlement are described separately in the financial statements and the notes thereto.